



**DEPARTMENT OF CONSUMER AFFAIRS**  
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**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**

**CBA Agenda Item XIII.D.**  
**January 27-28, 2011**

**MINUTES OF THE**  
**September 21, 2010**  
**ETHICS CURRICULUM COMMITTEE (ECC) MEETING**

**ECC Agenda Item II**  
**January 26, 2011**

California Board of Accountancy  
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ROLL CALL AND CALL TO ORDER.

Donald Driftmier, Chair, called the meeting of the ECC to order at 10:03 a.m. on Tuesday, September 21, 2010, at the California Board of Accountancy. Mr. Driftmier indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

**ECC Members**

Donald Driftmier, Chair	10:03 a.m. to 3:04 p.m.
Dave Cornejo	10:03 a.m. to 3:04 p.m.
Gonzalo Freixes	10:03 a.m. to 3:04 p.m.
Gary McBride	10:03 a.m. to 3:04 p.m.
Jon Mikkelsen	10:03 a.m. to 3:04 p.m.
Steven M. Mintz	10:03 a.m. to 3:04 p.m.
Gary Pieroni	10:13 a.m. to 3:04 p.m.
Michael Shames	11:03 a.m. to 3:04 p.m.
Michael Ueltzen	10:03 a.m. to 3:04 p.m.
Robert Yetman	10:03 a.m. to 3:04 p.m.

**Staff and Legal Counsel**

Patti Bowers, Executive Officer  
 Dan Rich, Assistant Executive Officer  
 Dominic Franzella, Manager, Licensing  
 Cindi Fuller, Licensing Coordinator  
 Rich Andres, Information Technology Staff  
 Matthew Stanley, Legislation/Regulation Analyst  
 Gary Duke, Legal Counsel, DCA

Spencer Walker, Legal Counsel, DCA

Other Participants

Hal Schultz, California Society of Certified Public Accountants (CalCPA)

Jeannie Tindel, CalCPA

Pilar Onate-Quintana, KP Public Affairs

Molly Isbel, KP Public Affairs

Joe Petito, The Accountants Coalition, PWC

Ellen Glazerman, Ernst & Young

Ramona Farrell, Ueltzen & Co.

I. Welcome and Introductions

ECC Chair Donald Driftmier called the meeting to order on September 21, 2010, and asked ECC Members and CBA staff to introduce themselves. Gary Duke, DCA Senior Staff Legal Counsel, introduced Spencer Walker, newly appointed Legal Counsel for the CBA. Mr. Driftmier provided a brief overview on the establishment of the ECC.

II. Introduction to the Bagley-Keene Open Meeting Act

Spencer Walker presented the memorandum (**Attachment 1**) for this item. Mr. Walker recommended that each member attend the Department of Consumer Affairs' board member training. Mr. Walker advised the ECC members that all state bodies are subject to the Bagley-Keene Open Meeting Act, including advisory committees established by the CBA. Mr. Walker explained that the purpose of the Bagley-Keene Open Meeting Act is to facilitate accountability and transparency of governmental activities and protect the rights of citizens to participate in State government deliberations. Mr. Walker provided ECC members powerpoint copies of the Bagley-Keene Open Meeting Act (**Attachment 2**) and copies of "*A Handy Guide to the Bagley-Keene Open Meeting Act 2004*" (**Attachment 3**) prepared by the California Attorney General's Office. Mr. Walker reviewed the top ten rules of the Bagley-Keene Open Meeting Act, as identified by the Department of Consumer Affairs Division of Legal Affairs, and also answered questions regarding the meaning of a serial meeting and the ability to use subcommittees.

III. Economic Travel – Official State Business

Mr. Rich presented the memorandum (**Attachment 4**) for this item on behalf of Deanne Pearce, Chief, Licensing Division. Mr. Rich advised ECC members of the requirement to complete a travel expense claim in order to receive reimbursement for travel expenses and reinforced the importance of using the most economic means of travel to meetings and also to hold meetings at low-cost or no-cost locations. Mr. Rich explained that for future ECC meetings members will receive

a travel memorandum specifying the meeting location, driving directions, information related to airline reservations, and CBA staff contact information.

Member Michael Shames arrived during the presentation of this agenda item and was introduced by Mr. Driftmier.

#### IV. Overview of the CBA and Common Services Provided by CPAs

Mr. Franzella presented the memorandum (**Attachment 5**) for this item. Mr. Franzella advised ECC members the role of the CBA and the common services provided by Certified Public Accountants (CPAs). This information was provided for contextual purposes as members begin their discussion on the ethics study guidelines.

Mr. Driftmier noted that a number of CBA members sit on various committees through the American Institute of Certified Public Accountants (AICPA) and National Association of State Boards of Accountancy (NASBA).

#### V. Overview of Licensure Requirements and the Effects of Senate Bill 819 on the Pathways to Licensure

Mr. Franzella presented the memorandum (**Attachment 6**) for this item.

Mr. Franzella clarified for committee members that Senate Bill (SB) 819 requires the CBA to adopt the ECC's recommendation for ethics study guidelines without making any substantive changes. Mr. Yetman inquired what method is presently used to determine whether a course meets the 24/24 requirement. Mr. Franzella stated that the CBA generally relies on the transcripts.

#### VI. ECC Directives and Goals

Mr. Franzella presented the memorandum (**Attachment 7**) for this item.

Mr. Mintz questioned whether the directive to determine the appropriateness and feasibility implied that the final recommendation could be less than 10 units or no ethics education. Ms. Tindel stated that as one of the individuals who helped craft the compromise the committee is trying to implement, it was fully understood that it might not be feasible for 10 units to be accomplished. She further stated that the anticipation was if the recommendation was for less than 10 units of ethics education then a statutory change would need to be pursued.

Members questioned the authority in addressing the appropriateness as it is not specifically addressed in the legislative language. Mr. Franzella stated that the appropriateness portion came specifically from the CBA. He stated that at the November 2009 CBA meeting discussions were held that if the ECC came to the conclusion that 10 units were not feasible, the CBA could then go back to the Legislature to pursue a legislative change. Mr. Ueltzen stated he had limited

fingerprints on SB 819 and the intent of stakeholders was to have academia, specifically the ECC and not the profession, study the issue, and if 10 units were not feasible then it was understood legislation would need to be pursued.

Mr. Freixes suggested should members decide to recommend less than 10 units they should also come up with 10 units of curriculum as an option. Mr. Stanley stated that the basic intent of the CBA was to have the ECC present their recommendation of what they think best and then have the CBA go back and try to get the law changed if needed.

Mr. Driftmier requested staff provide information on the impact should the ECC recommend less than 10 units of ethics study.

VII. Discussion Regarding Composition of the 10 Units of Ethics Study Required by Business and Professions Code Section 5093

Ms. Fuller presented the memorandum (**Attachment 8**) for this item.

Mr. Driftmier provided members a copy of an article pertaining to the role schools play in promoting corporate social responsibility (**Attachment 9**), as well as, a sampling of courses taught at the University of California, Berkeley that could possibly pertain to the topic of ethics. Mr. Yetman explained that simply because a course was listed in a course catalog did not mean the course was actually being offered, so if 10 units were found, to assume all of the hours would be attainable to the student over a period of two or three years could be a mistake.

Members provided preliminary input on their particular institution as to the feasibility of teaching a course, students taking a course, and where it would fall in curriculum guidelines. In addition, extensive discussion was held regarding stand alone ethics courses and courses where ethics was embedded.

Ms. Glazerman clarified the terms AQ - academically qualified - and PQ - professionally qualified - and the relevance of the person teaching a course. She further clarified that accreditation has everything to do with the business school but if extension courses are offered outside of the business school they are not necessarily part of the accreditation scope.

Mr. Shames stated that the University of San Diego had two courses specifically dedicated to ethics. Mr. Driftmier expressed that this information would be beneficial to members and requested Mr. Shames provide copies of the course materials.

Mr. Driftmier requested members research their colleges/universities to find where ethics was embedded in courses, the level the course was currently being taught, in what department and who taught the course. Ms. Tindel requested that as part of their research the definition of ethics also be included. Mr. Driftmier agreed and requested the definition of ethics be included in the research.

Members requested staff provide additional information regarding the ethics requirements for other state boards of accountancy. Mr. Ueltzen requested information on the development and implementation of the ethics requirements for the state of Texas.

Mr. Petito raised concerns about California students taking courses outside of California and how those courses, especially courses where ethics was embedded, would meet California standards. He also suggested that there could be some generic number that one could assume a student going through an accredited school in an accounting program would have gotten for embedded ethics courses.

Mr. Mikkelsen requested Mr. Ueltzen provide insight from the industry standpoint and give his perspective regarding when ethics education should take place, what should be taught in relation to ethics, and what might maximize the effectiveness of the ethics education for those individuals actually in practice.

#### VIII. Comments from Members of the Public.

To assist in calendaring future meetings, Mr. Franzella inquired if there was a particular day of the week that was not good for members. There was a general consensus that future meetings be held on a specific day of the week to assist members in setting their school calendars. Ms. Bowers stated a survey would be sent to members as to their preference.

#### ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 3:04 p.m. on Tuesday, September 21, 2010.

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Donald A. Driftmier, Chair

Prepared by Cindi Fuller, Licensing Coordinator